

Message Text

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PAGE 01 BAMA KO 03282 01 OF 02 120203Z
ACTION SP-02

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OES-09 HA-05 /063 W
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FM AMEMBASSY BAMA KO
TO SECSTATE WASHDC PRIORITY 0022

LIMITED OFFICIAL USE SECTION 1 OF 2 BAMA KO 3282

STADIS//////////

FOR S/P - LAKE AND AF - MOOSE

E.O. 11652: N/A
TAGS: ECON
SUBJ: FOREIGN ECONOMIC POLICY TOWARD AFRICA: MALI

REF: STATE 164983

1. I WAS MOST PLEASED TO RECEIVE THE REFERENCED TELEGRAM,
FOR MANY POINTS AS THEY APPLY TO MALI HAVE BEEN THE SUB-
JECT OF RECENT EMBASSY AND AIDAC TELEGRAMS AND I WHOLE-
HEARTEDLY ENDORSE THEM. FOLLOWING ARE OUR COMMENTS ON
CERTAIN ASPECTS OF YOUR TELEGRAM:

2. THE BUDGET PROPOSALS FOR AID WE RECOMMENDED IN THE
GORM SUBMISSION AND IN COMMENTS ON THE FY-80 ABS APPEAR
TO BE HIGHER THAN THE SUBSTANTIAL INCREASED AID IS PLANNING
FOR MALI. TH REACH THE FAIRLY HIGH LEVELS WE HAD PRO-
POSED WE INTENDED TO MOVE FROM A CLASSIC DEVELOPMENT
ASSISTANCE PROGRAM, BASED LARGELY ON TECHNICAL ASSISTANCE
TO THE RURAL SECTOR, TO PROJECTS OF INFRASTRUCTURE
DEVELOPMENT AND IMPROVEMENT OF HIGHER EDUCATION AND
RESEARCH FACILITIES. IN THE CASE OF ONE INFRASTRUCTURE
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PAGE 02 BAMA KO 03282 01 OF 02 120203Z

PROJECT ALONE, WE ESTIMATED THAT AT LEAST \$14 MILLION
WOULD BE REQUIRED TO REHABILITATE APPROXIMATELY 250
KILOMETERS OF DIRT ROAD. TO BEGIN THE PROJECT IN
STRENGTHENING ARGICULTURAL RESEARCH AND TRAINING--
WHICH SHOULD REALLY BE THOUGHT OF AS A 20-YEAR EFFORT
-- \$12 MILLION WOULD BE REQUIRED TO COVER THE FIRST
TWO YEARS OF PROJECT ACTIVITY. JUDGING FROM THE

REPORTS OF THE WASHINGTON ABS REVIEW THAT HAVE COME BACK TO ME, IT WOULD SEEM HIGHLY UNLIKELY THAT AID WILL BE ABLE TO MEET BOTH OF THESE REQUIREMENTS IN FY-80 AND MAY, IN FACT, BE ABLE TO MEET NEITHER.

3. CLEARLY, THE MOST EFFICIENT AND DFFECTIVE WAY TO MOVE LARGE RESOURCES TO AFRICA IS THROUGH THE CREATION OF INFRASTRUCTURE. WITH ROAD-BUILDING COSTS AS THEY ARE TODAY, EVEN THE REHABILITATION OF SIMPLE DIRT ROADS IS AN ASTONISHINGLY EXPENSIVE UNDERTAKING. WITHOUT ROADS, MUCH OF OUR EFFORT IN IMPROVING THE LIVES OF THE RURAL POOR WILL BE UNAVAILING. THAT IS WHY I HAVE BEEN PARTICULARLY ANXIOUS TO SEE THE UNITED STATES UNDERTAKE AT LEAST ONE SUCH PROJECT. MANY MORE COULD BE UNDERTAKEN, AND, TO THE EXTENT THAT CONSTRUCTION CONTRACTORS ARE USED TO CARRY OUT THE WORK AND ENGINEERING FIRMS ARE USED TO SUPERVISE, THERE IS VERY LITTLE STRAIN ON LIMITED U.S. OR MALIAN PERSONNEL.

4. IRRIGATION ACTIVITIES ARE EQUALLY IMPORTANT, SINCE MANY MALIANS ARE CONVINCED (AND CONSTANTLY MAKE THE ARGUMENT TO ME) THAT THE ONLY WAY TO PROVIDE REAL INSURANCE AGAINST THE DEVASTATING EFFECT OF PERIODIC DROUGHT IS TO MINIMIZE RAIN-FED AGRICULTURE AND MAXIMIZE THE POTENTIAL FROM IRRIGATION SCHEMES. HUGE RESOURCES ARE LIMITED OFFICIAL USE

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PAGE 03 BAMA KO 03282 01 OF 02 120203Z

REQUIRED IF THESE SCHEMES DEPEND ON THE CONSTRUCTION OF DAMS OR OTHER HEAVY INFRASTRUCTURE. BUT IF THE ECONOMIC JUSTIFICATION IS PRESENT AND LARGE-SCALE IRRIGATION WILL BE MADE POSSIBLE, THEN THE UNITED STATES SHOULD SUPPORT THE CONSTRUCTION OF THESE DAMS.

5. ON LOCAL COST FINANCING, FORTUNATELY AID HAS BEEN FAIRLY FLEXIBLE ABOUT APPROVING LOCAL COSTS ASSOCIATED WITH DEVELOPMENT PROJECTS IN MALI. A MORE DIFFICULT ISSUE IS THE WILLINGNESS OF THE UNITED STATES TO COVER RECURRENT COSTS. TO DO SO WOULD MEAN WE WOULD PROVIDE INDIRECT BUDGET SUPPORT TO THE RECIPIENT GOVERNMENT. BUT A REAL CONSTRAINT IN THE DEVELOPMENT OF INFRASTRUCTURE, ESPECIALLY ROADS, IS THE INABILITY OF THE GOVERNMENT OF MALI TO ALLOCATE ADEQUATE BUDGETARY RESOURCES TO COVER THE NECESSARY MAINTENANCE COSTS THAT ROAD CONSTRUCTION BRINGS WITH IT.

6. I AM CONCERNED BY THE DIFFICULTY WE ARE HAVING IN LAUNCHING THE AGRICULTURAL EDUCATION AND RESEARCH PROJECT MENTIONED ABOVE, BECAUSE IT INDICATES TO ME THAT AID IS STILL NOT WILLING OR PERHAPS ABLE TO MAKE LONG-TERM

COMMITMENTS REQUIRING SUBSTANTIAL SUMS OF MONEY. IN THE PROPOSED PROJECT, LABORATORY FACILITIES ARE TO BE BUILT, SOME EDUCATIONAL BUILDINGS WILL BE CONSTRUCTED, A GREAT DEAL OF TRAINING WILL TAKE PLACE. AMERICAN PROFESSORS AND RESEARCHERS WILL BE MAINTAINED IN MALI, AND THE WHOLE PACKAGE COULD EASILY COST \$100 MILLION OVER THE 20-YEAR PERIOD. THE IMPACT ON THE FUTURE OF MALI'S AGRICULTURE WOULD, HOWEVER, BE INCALCULABLE. AID'S RELUCTANCE TO MOVE INTO THESE KINDS OF ACTIVITIES WITH LARGE BLOCKS OF FINANCING MAY STEM FROM ITS FEAR THAT CONGRESS MIGHT NOT SUPPORT SUCH BIG UNDERTAKINGS OR, IF WILLING TO START THEM, MIGHT NOT BE WILLING TO STAY THE COURSE. I SINCERELY HOPE THAT FEAR IS UNFOUNDED AND THAT IT CAN BE DEMONSTRATED TO BE SO.

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PAGE 04 BAMA KO 03282 01 OF 02 120203Z

7. CONCERNING THE EXPORT SECTOR, WHILE ASSISTANCE TO IT MAY NOT MOVE SIGNIFICANT RESOURCES, IT IS CERTAINLY DESIRABLE TO HELP ON EXPORTS WHEREVER POSSIBLE. IN MALI THE ONE AREA WHICH COMES TO MIND IS MEAT-PACKING, SINCE LIVESTOCK IS AN IMPORTANT PART OF THE NATIONAL SCENE AND ANIMALS ARE CURRENTLY EXPORTED ON THE HOOF.

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PAGE 01 BAMA KO 03282 02 OF 02 120210Z
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LIMITED OFFICIAL USE SECTION 2 OF 2 BAMA KO 3282

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FOR S/P - LAKE AND AF - MOOSE

8. ON HEALTH, I AGREE THAT ERADICATION OF REGION-WIDE DISEASES SHOULD HAVE A HIGH PRIORITY FOR U.S. ASSISTANCE. MASS VACCINATION CAMPAIGNS OR OTHER CONTINUED PROGRAMS TO COUNTER DISEASE ARE TRULY VERY COSTLY, BUT IF WE ARE PREPARED TO PROVIDE THE REQUIRED RESOURCES THE IMPACT CAN BE GREAT INDEED. WE HAVE RECENTLY REQUESTED ASSISTANCE IN FUNDING U.S. EQUIPMENT FOR AN EYE HOSPITAL IN BAMAKO THAT CONCENTRATES ON AFRICAN EYE PROBLEMS, INCLUDING RIVER BLINDNESS (BAMAKO 2546).

9. I AM OPTIMISTIC THAT INCREASED LEVELS OF ASSISTANCE CAN BE HANDLED BOTH BY OUR AID STAFFS AND BY MALIAN OFFICIALS, ESPECIALLY IF WE CAN GET INTO SOME LARGER PROJECTS. THE CLUB DU SAHEL HAS ALSO SHOWN THAT THE PROBLEMS OF DONOR COORDINATION ARE NOT INSUPERABLE, ESPECIALLY WHEN THAT COORDINATION TAKES THE FORM OF SEVERAL DONORS' PARTICIPATION IN THE PURSUIT OF DEVELOPMENT OBJECTIVES EACH THROUGH HIS OWN MECHANISM AND HIS OWN PROJECT VEHICLE. IT IS LESS USEFUL WHEN ONE SEEKS TO COORDINATE SIMULTANEOUS PARTICIPATION OF A VARIETY LIMITED OFFICIAL USE

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PAGE 02 BAMAKO 03282 02 OF 02 120210Z

OF DONORS IN A SINGLE PROJECT ACTIVITY.

10. WE STRONGLY SUPPORT YOUR EFFORTS AND WISH YOU ALL SUCCESS.
BYRNE

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